

**Testimony by Harvey W. Schiller
Thursday, February 13, 2003
To
U.S. Senate Committee on Commerce, Science, and
Transportation**

Chairman McCain, distinguished members of the U.S. Senate Committee on Commerce, Science, and Transportation, ladies and gentlemen, thank you for the opportunity to appear today to discuss the United States Olympic Committee (USOC), its governance and organizational structure. My name is Harvey W. Schiller and I currently serve as President of Assante US, a financial services company and also as Chair of the Management Committee of NYC2012, the United States candidate city to host the Summer Olympic Games in the year 2012. I have served as Executive Director (the position has since been renamed "Chief Executive Officer") of the USOC, as an officer of a National Governing Body (NGB) of Olympic Sport, as well as a volunteer member of the USOC's Board of Directors and Executive Committee. My bio is attached for your reference.

First, I would like to recognize the many contributions made by members of this Committee, as well as by local, state and federal governments in support of the Olympic Movement, its athletes, and the dreams and aspirations of so many Americans. From providing the services of the Armed Forces for security, to creating coin programs to help finance the training of athletes, the support of each of you and our government has helped enable our Olympians to accomplish what otherwise would have been an impossibility. My respect for Senator McCain spans decades, from my service as an Air Force pilot in Vietnam to this day. I remember a meeting some ten years ago with Senator McCain to discuss many of these same issues that faced the USOC at that time. Senator Stevens has been awarded the Olympic Order by the International Olympic Committee in recognition of his significant contributions to the Ted Stevens Olympic and Amateur Sports Act of 1978, as well as to subsequent revisions and other legislation in support of America's athletes. Senator Hollings, a fellow graduate of The Citadel, has been a long time contributor to America's Olympic efforts. I can recall discussing officiating with Senator Burns based on his personal experience as a game official. When Senator Allen was Governor of Virginia many years ago, he led a delegation to

St. Louis to support the city's bid to host an Olympic Festival in his home state. Senator Breaux assisted in staging a very successful Olympic Festival in Baton Rouge and has continued to support Olympic fund-raising efforts here in Washington, D.C. Senator Lautenberg may remember a discussion regarding facilities for the New Jersey Nets and New Jersey Devils during my tenure as Chairman of the YankeeNets organization. And of course, as an Olympian himself, Senator Campbell knows the Olympic Movement from all perspectives, and has personally assisted me in my former Olympic duties more times than I can remember.

The views I express today are my own, based on my Olympic service and my observations of the USOC since the end of my tenure as Executive Director in 1994. The USOC has a long record of doing many things well. The performance of our athletes, coaches, and officials in past Olympic and Pan American competitions has been extraordinary. The accomplishments of our disabled athletes in Paralympic and world championship competitions have been second to none. The U.S. Olympic Committee itself has done many things well. It has protected athletes' rights to compete; established comprehensive drug-testing

protocol; provided expert logistical support for Olympic, Pan American, Paralympic and World University Games; established national training centers for athletes and accomplished a long list of other successes.

The USOC is an organization with a diverse membership, unique needs and limited resources. The constituent groups of the USOC range from National Governing Bodies of Olympic, Paralympic and Pan American sport to community-based organizations such as the Boys and Girls Club. These diverse membership groups compete for the organization's limited funding, representation and recognition. The diversity of interests and needs among the members of the current Board of Directors indicates a need for structural change to insure the primary goal of the USOC as defined by the Olympic and Amateur Sports Act is met, namely: "to promote and coordinate amateur athletic activity in the United States." While the USOC is obligated to oversee dozens of different sports, it does not benefit from the collegiality seen in organizations such as the NCAA and other sports associations. The National Governing Body for a sport such as Archery has little in

common with the NGB of Basketball. Boxing and Equestrian are dramatically different sports, not only on their fields of play, but in their social and economic compositions as well. While the Olympic Team may appear as an integrated unit during Opening Ceremonies, the National Governing Body for each of the sports represented on that team are far fields apart. Each one competes with the others for sponsorships, media coverage, and even athletes themselves. Add to this mix the desire for non-Olympic sports to be added to the Olympic program, the special challenges of Disabled Sports Organizations, the particular needs of the armed forces, community based and religious entities, school and college communities, and state organizations. Only then can you begin to understand what differentiates the USOC from other charitable organizations, and why it needs a structure that will enable it to accommodate the needs of its members and fulfill the mission defined by the Olympic and Amateur Sports Act and expected by the American public.

The future holds even more significant challenges for this country's Olympic Committee. Today, the USOC depends heavily on Olympic Games television and sponsorship revenues for a large percentage of its

income. Not only will it be more difficult for the USOC to raise sponsorship dollars in this country's current economic climate, but the organization will also be forced to compete against the growing needs of emerging nations in the world marketplace. Both of these factors will continue to reduce the pool of funds available to the USOC and its athletes. Additional stress is placed on the USOC's budget as it becomes more expensive to adequately fund sports teams and the organization's operating costs continue to rise. The current expense of operating the USOC is driven in part by the travel and meeting costs associated with volunteer committees, as well as by the costs of maintaining a large paid staff. Forbes magazine has identified the USOC as one of three non-profits that failed to meet its minimum standard for fund-raising efficiency and warned that the USOC's overhead is too high and it doesn't spend enough money on its programs. All of these factors demand careful consideration of developing a more streamlined and efficient structure of the USOC.

There have been numerous attempts in the history of the USOC to improve the governance structure of the organization. During my tenure as Executive Director, the organization eliminated the House of

Delegates, a cumbersome quadrennial meeting of over 600 individuals. We established a Code of Conduct for team members, increased involvement of athletes, and even created an independent Ethics Committee. In past years there have also been additional attempts to change the organization's constitution and operating procedures, including engaging independent entities, such as McKinsey and the Steinbrenner Commission, to study and make recommendations to the governance structure of the USOC. Olympic leaders such as IOC member Anita DeFrantz have also worked hard to expand opportunities for women in sports as well as develop grass roots programs across America. However, while many valid recommendations have been made, most have not been implemented by the USOC. There is no question that change must now occur.

The involvement of the Commerce Committee and its members can lead the effort for needed change in the USOC's governance structure and help the organization to meet its growing challenges. I do feel, however, that although the USOC may need some repair of its current structure, the required changes may not be as dramatic as some would suggest. The interface of volunteers and paid staff is no different at the USOC

than it is in thousands of other non-profit organizations across the nation. I personally served under three different USOC Presidents during my tenure at the USOC, witnessed numerous changes in the composition of the Executive Committee and saw an almost 75% change in the leadership of National Governing Bodies. However, I also found that the majority of individuals were fully dedicated to the success of the Olympic Movement. Most volunteers give much of themselves, their resources and their time to serve the needs of their respective organizations, the USOC and the Olympic Movement as a whole.

However, the many accomplishments of the USOC and the athletes it supports seem to have been obscured in recent years by frequent changes of leadership and internal conflict. There have been significant cultural changes in the USOC since my tenure as Executive Director. The role of the elected president and the duties associated with the position have certainly changed since the days of General Douglas Macarthur and William Simon. Today, the president and other officers of the USOC are engaged in much more travel both domestically and internationally and are required to commit enormous amounts of time to their volunteer positions. Defining the roles of both volunteers and

staff will help eliminate extraneous expenditures of both time and financial resources. While there are certainly many changes that would help the organization move forward, no change will be effective without a sound governance structure that can support the appropriate individuals in leadership positions. The USOC must recruit, develop, and maintain quality leaders to be successful. Participation should not be based on the rewards of protocol or Olympic junkets. We all will need to work together to insure the best leaders are selected, supported, and retained, and that the focus of the organization remains on America's athletes.

As a start, I believe the following proposals regarding the governance structure of the USOC should be both examined and considered:

- _ Creation of an "Oversight Committee" by the Commerce Committee, to which the USOC's leadership would be required to report to on a periodic basis. This Oversight Committee would have defined powers to insure that the USOC complies with current legislation, the USOC Code of Ethics and the IOC Charter. The Oversight Committee would play an important**

role in helping to select qualified individuals (independent of both the USOC and its member organizations) to serve on the USOC's Executive Committee by either 1) appointing such individuals directly to the Executive Committee , or 2) proposing a list from which the USOC Board of Directors would select a certain number of individuals to serve on the Executive Committee. These individuals should be selected on their ability to bring a different, but complementary perspective to the USOC and to reflect the common interest of the American public.

- **Reorganization of the existing Executive Committee, which would then function as the principal governing body of the USOC. The new Executive Committee would include USOC officers and IOC members. Officers are an integral and important part of the governance structure of the USOC. I believe those who have served sport through both NGB leadership and athletic performance deserve the opportunity to serve the organization in more significant roles. However, a majority of Executive Committee members would be those**

individuals recommended by the Oversight Committee. The Executive Committee would appoint a Chairperson from its members and the CEO of the USOC would continue to be a member of Executive Committee. The specific responsibilities of the CEO and staff vis a vis the volunteer leadership would need to be determined by the CEO and the Executive Committee.

– Preservation of the current Board of Directors with some changes in responsibilities and voting power of the current members. The role of the Board of Directors would be shifted from acting as the principal governing body within the organization to becoming more of an advisory group to the reconstituted Executive Committee. The members of the Board of Directors should continue to represent the diverse interests of the organization's constituent groups and should reflect the objects and purposes of the U.S. Olympic Committee.

_ Restructure the USOC's Nominating Committee, which is currently appointed on a quadrennial basis to make recommendations to the Board of Directors regarding the officers and public sector members that the Board of Directors will then elect. The Nominating Committee is currently comprised of members representative of the USOC's various constituent groups, each of which brings an inherent bias to the process. The Conference Board Commission on Public Trust and Private Enterprise has recommended that such nominating committees of private corporations be comprised of individuals outside the corporation and who would be more able to objectively consider appropriate individuals for leadership positions. The USOC would benefit from following this sound practice.

_ Reestablish the positions of First, Second and Third Vice Presidents to allow for an orderly transition if the Office of President should become vacant. This would help to eliminate the political in-fighting that often occurs during this period of change.

There are certainly many other changes that would help the USOC move forward and I only offer these recommendations as a start. The USOC and its members have been blessed with a multitude of individuals who have given much to the Olympic Movement. These volunteers deserve the very best from their leadership and the athletes of this country deserve the very best from their leadership. In addition, America's great cities deserve the chance to be viable competitors in the contest to host future Olympic Games. New York is the candidate city of the United States for the Games of 2012, and it needs the support of a stable and successful United States Olympic Committee to have the chance of making its bid become a reality.

Senator McCain, I stand ready to help you and the Commerce Committee in any way possible to enable America's athletes, the Olympic Movement, the USOC and its members be the best that they can be. Thank you again.

